

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 JEFF HATCH-MILLER  
Chairman  
3 WILLIAM A. MUNDELL  
Commissioner  
4 MARC SPITZER  
Commissioner  
5 MIKE GLEASON  
Commissioner  
6 KRISTIN K. MAYES  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

MAY 05 2005

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**RECEIVED**

MAY 09 2005

**AZ Corporation Commission  
Director Of Utilities**

8 IN THE MATTER OF THE JOINT APPLICATION) DOCKET NOS. T-03346A-04-0911  
9 OF SBC TELECOM, INC. AND SBC LONG ) T-03811A-04-0911  
DISTANCE, INC. FOR APPROVAL OF A ) DECISION NO. 67827  
10 PROPOSED CORPORATE REORGANIZATION ) ORDER

11 Open Meeting  
May 3 and 4, 2005  
12 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 **INTRODUCTION**

16 On December 17, 2004, SBC Telecom, Inc. ("SBC Telecom") and SBC Long Distance,  
17 Inc. ("SBC Long Distance") formerly known as Southwestern Bell Communications Services,  
18 Inc. d/b/a SBC Long Distance (together "Petitioners") jointly petitioned the Commission for  
19 approval of the corporate reorganization and consolidation affecting SBC Telecom and SBC  
20 Long Distance.

21 **FINDINGS OF FACT**

22 1. SBC Telecom received its Certificate of Convenience and Necessity ("CC&N")  
23 on June 13, 2000 in Decision No. 62645. It is a certificated competitive local exchange carrier  
24 ("CLEC") in the State of Arizona. It is authorized to provide resold and facilities-based long  
25 distance and local exchange telecommunications services.

26 2. SBC Long Distance is a certificated reseller of long distance telecommunication  
27 services in the State of Arizona, having received a CC&N from the Commission on November  
28 23, 1998, in Decision No. 61227. SBC Long Distance is also a certificated CLEC in the State

1 of Arizona, having received a CC&N from the Commission on April 6, 2004, in Decision No.  
2 66891. SBC Long Distance has pending before the Commission a CC&N Application to  
3 provide facilities-based long distance telecommunications services within the State of Arizona  
4 in Docket N. T-03346A-04-0413.

5 3. According to the Application, SBC Telecom and SBC Long Distance are  
6 wholly-owned subsidiaries of SBC Communications Inc. ("SBC"). In Exhibit A attached, SBC  
7 Telecom, Inc. is shown in the pre-structuring organization as of October 1, 2004. Under the  
8 proposed reorganization, SBC Communications, Inc. will contribute the stock of SBC Long  
9 Distance to SBC Telecom. SBC Long Distance will become a wholly-owned subsidiary of  
10 SBC Telecom and will take over the operations, assets, and liabilities of SBC Telecom.

11 4. SBC Long Distance serves slightly more than 5,066 customers in Arizona.  
12 Slightly more than half of the customers or 51 percent are business customers. The balance of  
13 the customer base or 49 percent served by SBC Long Distance are residential customers. SBC  
14 Telecom provides service to 272 customers. Of this total, 37 percent are business customers  
15 and 63 percent are residential customers.

16 5. SBC Long Distance does not have any employees in Arizona. SBC Telecom  
17 has 19 employees in Arizona. Out of the 19 people employed nine are in customer service,  
18 seven are in technical support, two are in management, and one handles administrative service.  
19 All of the 19 people employed by SBC Telecom are expected to be transferred to SBC Long  
20 Distance, LLC in Arizona.

21 6. Based on the proposed reorganization, the total asset value of SBC Long  
22 Distance LLC in Arizona will be \$15.3 million.

23 7. This is a nationwide reorganization with a planned completion date of April 30,  
24 2005.

25 8. The Petitioners also stated in their Application that SBC Long Distance will be  
26 converted from a corporation to a limited liability company ("SBC Long Distance, LLC").  
27 Converting SBC Long Distance to a limited liability company is the second transaction within  
28 the proposed reorganization.

1           9.       According to Petitioners' response to JFB1-9, the third transaction of the  
2 proposed reorganization requires SBC Telecom to transfer its assets, liabilities, and all  
3 operations to SBC Long Distance, LLC, including its voice and data switches, customer  
4 contracts/service orders, real estate leases, receivables and employees. With Commission  
5 approval, SBC Telecom's interconnection agreement with Qwest Corporation, Inc. and its price  
6 lists filed with the Commission will be transferred to SBC Long Distance, LLC. In Exhibit B  
7 attached, SBC Telecom is shown in the post-restructuring organization with SBC Long  
8 Distance, LLC as of October 1, 2004. Petitioners request that the Commission cancel SBC  
9 Telecom's CC&N so that SBC Long Distance, LLC will be the only SBC affiliate with a  
10 certificate in Arizona.

11           10.       Finally, SBC DataComm, Inc., a SBC affiliate that is not regulated by the  
12 Commission will be merging with SBC Long Distance, LLC. SBC DataComm, Inc., not  
13 shown on attached Exhibit B, provides non-regulated data and voice products and services,  
14 such as customer premise equipment and managed care.

15           11.       Aside from the reorganization requested by the Petitioners, the Application  
16 requests that the Commission: grant SBC Long Distance, LLC, the new entity formed after the  
17 proposed restructuring, a limited waiver of the Affiliated Interests Rule similar to that granted  
18 to SBC Telecom.

19           12.       In their response to Staff data request JFB 1-7, the Petitioners stated that they  
20 are also seeking a waiver of the Commission's slamming and cramming rules for purposes of  
21 the reorganization. In addition, the Petitioners acknowledged that they are in the process of  
22 making necessary filings with the Federal Communications Commission ("FCC") regarding the  
23 proposed transaction. Also, the Petitioners plan to comply with FCC notification and  
24 subscriber notification in accordance with 47 C.F.R. § 64.1120 with respect to the affected SBC  
25 Telecom customers in Arizona.

26           13.       A.A.C. R14-2-801, *et. seq.*, the Public Utility Holding Companies and Affiliated  
27 Interests Rules, apply to all Class A investor-owned utilities. A telecommunications carrier  
28 that has Arizona jurisdictional revenues of more than \$1 million is considered to be a Class A

1 utility. According to the 2003 Annual Report filed with the Commission, SBC Telecom Inc.  
2 generated more than \$1 million of Arizona jurisdictional revenue. The proposed merger of  
3 SBC Telecom Inc. and SBC Long Distance will also create an entity that is considered a Class  
4 A investor-owned utility. As a result, the Application is subject to A.A.C. R14-2-801 through  
5 805 of the Public Utility Holding Companies and Affiliated Interests Rules. A transfer of  
6 assets by a public service corporation which are used and useful in the performance of its duties  
7 to another public service corporation is also subject to Commission approval under A.R.S. 40-  
8 285.

9 14. A.A.C. R14-2-803 requires that the Petitioners provide the Commission with  
10 certain information regarding the proposed transaction. In JFB 1-14, Staff requested the  
11 Petitioners to provide information requested in A.A.C. R14-2-803. The Petitioners response to  
12 each numbered item is as follows:

- 13  
14 1. The names and business addresses of the proposed officers and directors of the  
15 holding company;

16 Yno Gonzalez	Chairman of the Board
17 Bill McCracken	Director
18 Yno Gonzalez	President
19 Larry Ruzicka	Vice President – Taxes
20 Janet M. Duncan	Treasurer
21 John di Bene	Vice President, General Counsel & Secretary
22 Thomas S. Clements	Assistant Treasurer
23 Bill McCracken	Comptroller

- 24 2. The business purposes for establishing or reorganizing the holding company;

25 The business purpose for the reorganization is to create administrative  
26 efficiencies, to simplify the customer experience by combining SBC Telecom's  
27 local telecommunications service line of business with SBC Long Distance's  
28 interLATA and interexchange service, and to offer a full range of services under  
a single company name

- 3 The proposed method of financing the holding company and the resultant capital  
structure;

Both SBC Telecom and the resulting combined company SBC Long Distance,  
LLC are wholly owned subsidiaries of SBC Communications Inc. As such, all  
required financing, if any, will come from the parent, SBC Communications Inc.

- 1           4. The resultant effect on the capital structure of the public utility;

2                 Combining the companies into SBC Long Distance, LLC will have no effect on  
3                 the overall capital structure of SBC Communications Inc.

- 4           5. An organization chart of the holding company that identifies all affiliates and  
5                 their relationships within the holding company;

6                 The Post Restructuring Organization attached as Exhibit B identifies affiliates  
7                 and their relationships within the holding company. SBC Long Distance, LLC  
8                 will be the only affiliate within SBC Telecom, Inc., and will be a wholly owned  
9                 subsidiary of SBC Telecom, Inc.

- 10          6. The proposed method for allocating federal and state income taxes to the  
11                 subsidiaries of the holding company;

12                 The federal and state taxes are allocated to subsidiaries as if they were on a  
13                 stand alone basis.

- 14          7. The anticipated changes in the utility's cost of service and the cost of capital  
15                 attributable to the reorganization;

16                 The anticipation is that the utility's cost of service will ultimately be reduced  
17                 because of administrative efficiencies that will be generated as a result of the  
18                 reorganization, but we have not quantified the anticipated reduction. No change  
19                 in the cost of capital is anticipated.

- 20          8. A description of diversification plans of affiliates of the holding company;

21                 Petitioners believe that the information provided in the joint application meets  
22                 the requirements of notifying the Commission of its diversification activities and  
23                 plans with regard to the proposed reorganization.

- 24          9. Copies of all relevant documents and filings with the United States Securities  
25                 and Exchange Commission and other federal or state agencies;

26                 No United States Securities and Exchange Commission filings are required.  
27                 SBC Telecom, Inc. is in the process of filing the FCC notification required by 47  
28                 C.F.R. Sec. 64.1120 (e); otherwise, no other FCC filings are required. SBC  
29                 Telecom, Inc. and SBC Long Distance, Inc. have filed applications with state  
30                 commissions that are virtually identical to its Arizona filing in those states  
31                 where applications were required. Petitioners would urge that it is unduly  
32                 burdensome to require the filing of each of these virtually identical applications  
33                 in this proceeding, but will do so if required by the Commission.

- 34          10. The contemplated annual and cumulative investment in each affiliate for the  
35                 next five years, in dollars and as a percentage of projected net utility plant, and  
36                 an explanation of the reasons supporting the level of investment and the reasons  
37                 this level will not increase the risks of investment in the public utility; and

As a result of the proposed reorganization, the single affiliate that will have utility plant to provide local exchange and long distance telecommunications services in Arizona will be SBC Long Distance, LLC. Once this reorganization is completed, the asset value for SBC Long Distance, LLC in Arizona will be approximately \$15,530,000.00. Other than an anticipated network investment in 2005 of approximately \$108,000.00 to deploy network equipment to be collocated with Petitioner's underlying carrier switching equipment, there are no current plans for additional utility plant in Arizona.

11. An explanation of the manner in which the utility can assure that adequate capital will be available for the construction of necessary new utility plant and for improvements in existing utility plant at no greater cost than if the utility or its affiliate did not organize or reorganize a public utility holding company.

This is merely an internal reorganization among wholly owned affiliates of SBC Communications Inc. The financial qualification and support of SBC Communications Inc. would remain in place.<sup>1</sup>

15. Based upon the information received from the Petitioners, it is Staff's view that the proposed reorganization and transfer of assets, liabilities, and operations transactions will serve the public interest. Establishing SBC Long Distance, LLC as a single SBC affiliate offering resold and facilities-based local and long distance telecommunications services will create administrative efficiencies, promote continuity of service, eliminate customer confusion, and augment competition by offering a full range of services by one entity in Arizona.<sup>2</sup>

16. According to the response to Staff's data request JFB 1-16, the proposed transactions will not impair the financial status of the Petitioners, have any impact on attracting capital at fair and reasonable terms, or impair the ability to provide of the petitioners to provide safe and reasonable and adequate service.

17. The services currently provided to SBC Telecom subscribers will continue to be offered by SBC Long Distance, LLC at existing rates and conditions pursuant to the SBC

<sup>1</sup> The Petitioners filed the information required by the Affiliated Interest Rules, except for providing the business addresses of the proposed officers and the names and business addresses of the proposed directors as required in A.A.C. R14-2-803, item number 1. In addition, copies of all relevant documents and filings with the United States Securities and Exchange Commission and other federal or state agencies need to be filed with the Commission as required in A.A.C. R14-2-803, item number 9.

<sup>2</sup> Utilities Division Consumer Services Staff has reported that from January 1, 2002 through April 25, 2005, customers of SBC Telecom and SBC Long Distance did not file any complaints, inquiries or opinions with the Commission. Also, both SBC Long Distance and SBC Telecom are in "Good Standing" with the Corporation Division of the Commission. Further, on November 22, 2004, Compliance Staff acknowledged that there are no known deficiencies of compliance issues outstanding with SBC Long Distance and SBC Telecom.

1 Telecom price lists assigned to SBC Long Distance, LLC. The proposed reorganization will  
2 result in the consolidation of the two subsidiaries into a single operating entity, for which the  
3 financial qualification and support of SBC would remain in place, and be combined with the  
4 managerial and technical expertise of SBC Long Distance, to continue to provide quality  
5 service to Arizona customers.

6 18. Petitioners state that customers will not be affected by SBC Long Distance's  
7 conversion to a limited liability company. They indicate that the conversion will be done  
8 pursuant to Del. Code Ann. Title 8, Section 266. Section 266(d) states: "the conversion of a  
9 corporation pursuant to a certificate of conversion under this section shall not be deemed to  
10 affect any obligations or liabilities of a corporation incurred prior to such conversion or the  
11 personal liability of any person incurred prior to such conversion." The Commission has  
12 commenced a generic investigation into LLCs which is currently pending. Staff believes that  
13 many of the concerns which lead to the Commission's generic investigation are not present in  
14 this case since SBC Long Distance is a Class A Utility and subject to the Commission's  
15 affiliate reporting requirements. Petitioners also state that the conversion of the legal entity  
16 SBC Long Distance, Inc. from a corporation to a limited liability company, as part of the  
17 overall proposed reorganization, may allow for some potential tax efficiencies as a result of this  
18 restructuring.

19 19. The merger of SBC DataComm, Inc., a SBC affiliate that is not regulated by the  
20 Commission, with SBC Long Distance, LLC. raises some concerns regarding an increased  
21 potential for cross-subsidization between regulated and unregulated services. However, in that  
22 SBC Long Distance's services are all classified as "competitive" under A.A.C. R14-2-1108 *et*  
23 *seq.*, customers are not captive but will have the benefit of other providers and any price  
24 increases should be constrained by the market.

25 20. While Petitioners assert that they are not discontinuing or abandoning service,  
26 they have indicated that SBC Telecom will comply with the provisions of Commission  
27 Decision Nos. 64740, 65124 and 66105. Arizona customers will be provided with a letter that  
28 states the customer has 90 days to elect to continue or discontinue service at their discretion,

1 without prejudice or regard to contractual obligation. Also, Petitioners have stated that they  
2 will comply with the Commission's requirement to publish notice of the Application in all  
3 counties affected by the Application.

4 21. Petitioners indicated in response to JFB 1-5 and JFB 1-6, that they also will file  
5 tariffs reflecting the name change upon completion of the reorganization. SBC Long Distance,  
6 LLC will file tariffs that reflect the tariffs in place by Southwestern Bell Communications  
7 Services, Inc., d/b/a SBC Long Distance. SBC Long Distance, LLC will file tariffs that reflect  
8 the tariffs in place by SBC Telecom, Inc. Since the tariffs will be identical, except for the name  
9 change, Petitioners ask that the new tariffs be made effective upon one day notice. Staff  
10 recommends that Petitioners be required to file their tariffs within 10 days from the effective  
11 date of the Commission's decision approving the reorganization. Staff also recommends that  
12 the tariffs be subject to the normal review process.

13 22. Staff also recommends approval of the Petitioners' request for waiver of the  
14 Commission's slamming and cramming rules for purposes of this reorganization. The transfer  
15 of SBC Telecom's customers to SBC Long Distance, LLC should be permitted without  
16 obtaining each customer's authorization or verification as called for in the Commission's rules  
17 as long as the notice requirements proposed by Staff herein and the requirements of R14-2-  
18 1107 are complied with, as well as related FCC requirements. The Petitioners state that they  
19 are in the process of making the necessary filings at the FCC regarding this transaction and are  
20 in the process of complying with 47 C.F.R. Section 64.1120 with respect to the affected SBC  
21 telecom customers in Arizona.

22 23. The Petitioners also requested that the Commission grant SBC Long Distance,  
23 LLC, the new entity formed after the proposed restructuring, a limited waiver of the Affiliated  
24 Rules similar to that granted to SBC Telecom. Pursuant to A.A.C. R14-2-806C., the  
25 Commission must approve, disapprove or suspend for further consideration an application for  
26 waiver within 30 days following a filing of the verified application for a waiver. Otherwise the  
27 waiver becomes effective on the 31<sup>st</sup> day following filing of the Application. Staff was  
28 informed on January 6, 2005 that the Petitioners, through their legal representative, agreed to



1 waive the deadlines in R14-2-806C and R14-2-803B.

2 24. Decision No. 63204 granted SBC Telecom a limited waiver of A.A.C. R14-2-  
3 803 and R14-2-804. Given the change from a corporation to a limited liability company, Staff  
4 is not recommending a waiver at this time. Further Petitioners have agreed to withdraw this  
5 request at this time. Should SBC Long Distance still desire such a limited waiver, it is free to  
6 file in a separate docket an Application for same.

7 25. Staff's recommendation for approval of Petitioners'reorganization is subject to  
8 the following conditions:

- 9 a. The Petitioners shall furnish to the Commission the business addresses of  
10 the proposed officers and the names and business addresses of the  
11 proposed directors as required in A.A.C. R14-2-803, item number 1.  
12 Also, copies of all relevant documents and filings with the United States  
13 Securities and Exchange Commission and other federal or state agencies  
14 shall be filed with the Commission as required in A.A.C. R14-2-803,  
15 item number 9;
- 16 b. Approval of SBC Long Distance's CC&N Application to provide  
17 facilities-based long distance telecommunications;<sup>3</sup>
- 18 c. A letter accompanying the filing of new tariff needs to certify that the  
19 new tariffs are identical to the existing tariffs, except for the name  
20 change;
- 21 d. SBC Telecom's customers must receive notification that they may  
22 choose another provider, within 90 days of receiving notice, to  
23 discontinue service with SBC Telecom without prejudice or regard to  
24 contractual obligation. The requested asset transfer of SBC Telecom's  
25 assets to SBC Long Distance, LLC will be conditioned upon SBC Long  
26 Distance, LLC docketing proof that SBC Telecom's customers have  
27

28 <sup>3</sup> A Recommended Order approving SBC Long Distance's application for a CC&N to provide facilities based long  
distance service has been issued and was voted on by the Commission at its May 3, 2005 Open Meeting. **67827**  
Decision No. \_\_\_\_\_

1 received notification that they may choose another provider, within 90  
2 days of receiving the notice, to discontinue service with SBC Telecom,  
3 without prejudice or regard to contractual obligation;<sup>4</sup>

4 e. SBC Telecom should provide written confirmation to Staff that all funds  
5 held as prepayments have been refunded or credited to customers who  
6 want to discontinue service with SBC Telecom. The requested transfer  
7 of SBC Telecom's assets to SBC Long Distance, LLC will be  
8 conditioned upon docketing proof, within 90 days of the effective date of  
9 the Order, that all funds held as prepayments have been refunded or  
10 credited to the customers who want to discontinue service with SBC  
11 Telecom;

12 f. SBC Long Distance, LLC shall file proof with Staff that SBC Long  
13 Distance, LLC is authorized to transact business in Arizona. In addition,  
14 it shall provide Staff with written confirmation that SBC Telecom's  
15 assets, including its CC&N, have been transferred to SBC Long  
16 Distance, LLC. By providing Staff with documentation that the transfer  
17 has been completed, SBC Telecom will no longer be responsible for the  
18 requirements of Decision No. 62645;

19 g. SBC Long Distance, LLC needs to procure a performance bond of  
20 \$10,000. This will help ensure that SBC Long Distance, LLC has  
21 appropriate performance bond coverage to provide resold and facilities-  
22 based local exchange and long distance telecommunication services.  
23 SBC Long Distance, LLC shall file proof of the performance bond in this  
24 docket within 60 days of the effective date of this Decision. If such  
25 proof is not filed within 60 days of the effective date of this Decision, the  
26 approvals granted herein shall be automatically void without further  
27 order of the Commission;

28 

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4 SBC provided Staff with a copy of this letter on April 20, 2005. The letter is attached as Exhibit C.

- 1 h. SBC Long Distance, LLC. shall file new tariffs with the Commission  
2 within 10 days of the effective date of the Commission's Order  
3 approving the reorganization;
- 4 i. Further, in accordance with A.A.C. R14-2-1107, the Petitioners must do,  
5 if they have not already done so, the following:
- 6 1. SBC Telecom needs to inform its customers in Arizona that it  
7 will cancel its CC&N and discontinue service to customers in  
8 Arizona because it is transferring its assets, liabilities, and all  
9 operations to SBC Long Distance, LLC. SBC Long Distance,  
10 LLC will be the single SBC affiliate to provide resold and  
11 facilities-based long distance and local exchange  
12 telecommunications services in Arizona.
  - 13 2. All affected SBC Telecom customers in Arizona need be notified  
14 by SBC Telecom that customers have access to alternative local  
15 exchange or long distance service provider. A list of all  
16 alternative utilities providing the local exchange and long  
17 distance service in the SBC Telecom's affected service area  
18 should be included in the notification letter to the customers.
  - 19 3. SBC Telecom customers that decide to go with SBC Long  
20 Distance, LLC, their contractual agreements, advances, and  
21 prepayments will be honored by SBC Long Distance, LLC  
22 without any penalty or until expiration date which occurs first.  
23 SBC Telecom does not have any customer deposits. For SBC  
24 Telecom customers that decide not to go with SBC Long  
25 Distance, LLC, their advances, prepayments or other funds owed  
26 will be credited to their account or will be refunded to the  
27 customer via a check.
  - 28 4. The Petitioners, in response to JFB 1-10, stated that they will  
comply with the Commission's requirement to publish notice of  
the discontinuance of service to customers in Arizona by SBC  
Telecom. The Affidavit of Publication that the Petitioners  
published legal notice of their Application as required by A.A.C.  
R14-2-1107 needs to indicate that Arizona customers will be  
served by a service provider of their choice and that SBC  
Telecom will discontinue service to its customers in Arizona.

Staff believes the proposed reorganization of SBC Telecom and SBC Long Distance is  
in the public interest, if Staff's conditions are met, and should be approved with the conditions  
recommended by Staff. Staff recommends approval of the Joint Application of SBC Telecom,  
Inc. and SBC Long Distance, Inc. for the proposed corporate reorganization.

**CONCLUSIONS OF LAW**

1  
2 1. SBC Telecom and SBC Long Distance are Arizona public service corporations  
3 within the meaning of Article XV, Section 2, of the Arizona Constitution and A.R.S. § 40-285.

4 2. The Commission has jurisdiction over the subject matter in this proceeding.

5 3. The Commission, having reviewed the filing and Staff's Memorandum dated,  
6 April 25, 2005, concludes that it is in the public interest to approve this filing as conditioned by  
7 Staff's recommendations

8 4. The reorganization and transfer of assets, liabilities, and operations as proposed  
9 in this Application and as conditioned herein is in the public interest and should be approved.

10 5. Staff's recommendations, as set forth in Findings of Fact Nos. 21, 22 and 25  
11 above are reasonable and should be adopted.

**ORDER**

12  
13 IT IS THEREFORE ORDERED that the Application to reorganize SBC Telecom and  
14 SBC Long Distance, LLC is granted by the Commission subject to the conditions in Findings  
15 of Fact No. 25.

16 IT IS FURTHER ORDERED that if SBC Long Distance, LLC fails to file proof of the  
17 performance bond in this docket within 60 days of the effective date of a Decision in this  
18 matter, the approvals granted herein shall be automatically void without further order of the  
19 Commission.

20 IT IS FURTHER ORDERED that if SBC Long Distance, LLC fails to file proof that  
21 SBC Long Distance, LLC is authorized to transact business in Arizona within 180 days of the  
22 effective date of a Decision in this matter, the approvals granted herein shall be automatically  
23 void without further order of the Commission.

24 IT IS FURTHER ORDERED that, subject to the conditions in Finding of Fact No. 22,  
25 SBC Telecom and its affiliates are granted a waiver of the Commission's slamming rules,  
26 A.A.C. R14-2-1901 *et seq.*, for the purposes of transferring customers to SBC Telecom as  
27 described in the Application.

28 ...

1 IT IS FURTHER ORDERED that, subject to the conditions in Finding of Fact No. 25,  
2 termination of service by SBC Telecom is approved under A.A.C R14-2-1107.

3 IT IS FURTHER ORDERED that, subject to the conditions in Finding of Fact No. 25,  
4 the Certificates of Convenience and Necessity currently held by SBC Telecom are cancelled.



5 IT IS FURTHER ORDERED, that SBC Long Distance LLC shall file new tariffs within  
6 10 days of the effective date of the Commission's Order approving this reorganization.

7 IT IS FURTHER ORDERED that, subject to the conditions in Finding of Fact No. 25,  
8 the transfer of assets to SBC Long Distance, LLC described in the Application is approved  
9 under A.R.S. § 40-285 and A.A.C. R14-2-801 *et. seq.*

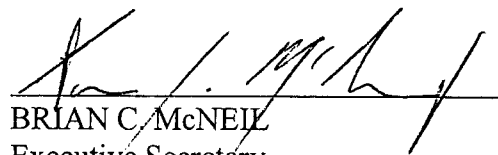
10 IT IS FURTHER ORDERED that this Order shall be effective immediately.

11 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

12  
13  
14  CHAIRMAN  
15  COMMISSIONER  
16  COMMISSIONER

17  COMMISSIONER  
18  COMMISSIONER

19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
20 Executive Secretary of the Arizona Corporation  
21 Commission, have hereunto, set my hand and caused the  
22 official seal of this Commission to be affixed at the Capitol,  
23 in the City of Phoenix, this 5<sup>th</sup> day of May 2005

24   
25 BRIAN C. McNEIL  
26 Executive Secretary

27 DISSENT: \_\_\_\_\_

28 DISSENT: \_\_\_\_\_

EGJ:JFB:red/MAS

Decision No. **67827**

SERVICE LIST FOR: SBC TELECOM, INC. AND SBC LONG DISTANCE, INC.  
DOCKET NOS. T-03346A-04-0911 AND T-03811A-04-0911

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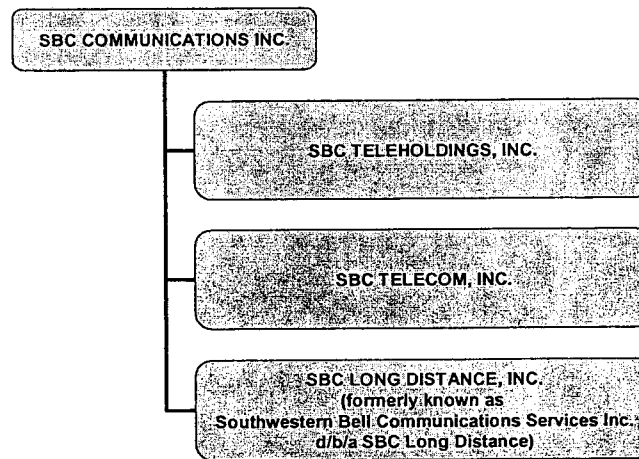
Lyn Farmer

Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

# **EXHIBIT A**

## **SBC COMMUNICATIONS INC. PRE-RESTRUCTURING ORGANIZATION**

(ORGANIZATION CHART ONLY INCLUDES SUBSIDIARIES THAT ARE IMPACTED  
BY THIS RESTRUCTURING. UNAFFECTED SUBSIDIARIES ARE NOT DISPLAYED.)



Updated 2/10/05



## **EXHIBIT B**

**SBC COMMUNICATIONS INC.  
POST-RESTRUCTURING ORGANIZATION**

(ORGANIZATION CHART ONLY INCLUDES SUBSIDIARIES THAT ARE IMPACTED  
BY THIS RESTRUCTURING. UNAFFECTED SUBSIDIARIES ARE NOT DISPLAYED.)

